



OFFICE OF RACIAL EQUITY AND SOCIAL JUSTICE

Marc Elrich
County Executive

Tiffany Ward
Director

MEMORANDUM

April 22, 2022

To: Jennifer Bryant, Director
Office of Management and Budget

cc: Gabe Albornoz, President
County Council

From: Tiffany Ward, Director
Office of Racial Equity and Social Justice

Re: Racial Equity Impact Assessment (REIA) for Supplemental Appropriation #22-82
Transportation Services Improvement Fund Fuel Reimbursement Disbursement

- I. **FINDING:** The Office of Racial Equity and Social Justice (ORESJ) finds that Supplemental Appropriation #22-82 Transportation Services Improvement Fund (TSIF) Fuel Reimbursement Disbursement is likely to prevent racial disparities from growing but is unlikely to address systemic inequities producing business disparities affecting taxi operators and disparities in financial security affecting the ridership of programs impacted by this funding. ORESJ therefore affirms the importance of this funding and suggests additional data collection (disaggregated by race and ethnicity) and analysis to better assess riders' satisfaction with program services as well as the contribution these transportation programs can make to reducing population-level disparities.
- II. **BACKGROUND:** The purpose of supplemental appropriation #22-82 is to provide a one-time reimbursement to taxi operators who participate in the County's Call-N-Ride and Medicaid Transportation programs. The reimbursement is intended to provide economic relief to these taxi operators who, without County approval, cannot increase fares to offset increased costs in gasoline. Existing regulations¹ state that

¹ COMCOR 53.17.01.02

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taxicab companies in Montgomery County are permitted to implement a surcharge on taxicab trips when the price of regular unleaded gas reaches at least \$5 per gallon and remains at or above that level for 30 consecutive days.

At the time of this analysis, the Department of Transportation (DOT) reported being approached with requests to permit a surcharge or fee in line with these regulations due to the recent spike in gas prices. To prevent surcharges, which would disproportionately burden residents with disabilities and Medicaid eligible residents, DOT is proposing a one-time reimbursement from the TSIF.

To assess the extent to which this funding advances racial equity and social justice in the County, ORESJ considered how two main groups of stakeholders are likely to be impacted by this funding—the 220 taxi operators participating in these programs and the residents who travel using these programs.

Available information suggests that 75% of taxi drivers in the County are foreign-born, first-generation immigrants. In the County, foreign-born residents experience disparities on a number of indicators of economic well-being. For example, median hourly wage among all US-born residents in the County in 2019 was \$38/hour, while the median hourly wage for all foreign-born residents was \$24/hour. Across all racial and ethnic groups, immigrant residents had lower median hourly wages in 2019². There is also a similar trend in housing cost burden³. Among all renters in the County in 2019, 54% of foreign-born renters compared to 46% of US-born renters were housing burdened.

In terms of homeownership and homeowner cost burden, the picture is somewhat more nuanced. The homeownership rate among foreign-born residents in 2019 was 59%, compared to 68% among US-born residents. For Asian Pacific Islander and Latino immigrants, rates of homeownership were somewhat higher than for US born residents of the same race and ethnicity. For Black residents the picture was different. The homeownership rate among Black immigrant residents was 39%, while it was 42% for US-born residents. It is important to note that the homeownership rate across all racial and ethnic groups, including both foreign and US-born residents, was lower than it was for White US-born residents in the County, for whom the homeownership rate was 76%. The starkest disparity was between Black immigrant residents and US-born White residents; the rate of homeownership is almost twice as high for White US-born residents as it is for Black immigrant residents⁴. Compared to renters, homeowner cost burden gap is larger; 30% of immigrant homeowners are housing burdened compared to 19% of US born residents. Together, these indicators suggest that foreign-born residents in the County experience a much different economic reality than their US born peers, particularly when nativity intersects with race and ethnicity. These disparities also suggest that prior to economic

² See data analysis section

³ See data analysis section

⁴ See data analysis section

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shocks caused by gas prices, inflation, and the pandemic, foreign-born residents were facing a more precarious financial situation at home. As with other population-level disparities, systemic inequities in labor and housing markets as well as in education and health care are largely to blame.

Systemic inequities, particularly in the labor market, often draw people of color and immigrants into self-employment as a means of generating income⁵. In fact, nationally the group with the highest percentage of new entrepreneurs in 2021 was among immigrants at .58 percent, compared to native-born Americans at .32 percent⁶.

Despite the pace of entrepreneurship growth, firms owned by people of color face structural barriers in acquiring the capital, knowledge, and market access necessary for growth⁷. The consequence of these barriers can be seen in lower median revenues, profit margins, and fewer cash buffer days among Black and Hispanic firms⁸. These disparities affect the growth of firms owned by people of color and reduce the chances that they'll become a substantial source of wealth building for owners⁹. Research on the disproportionate effects of the pandemic on firms owned by people of color¹⁰ suggest that similar economic shocks in key business inputs like the price of fuel, for example, would also disproportionately impact entrepreneurs of color.

The other key stakeholder group related to this funding are residents who rely on Call-N-Ride and Medicaid taxi operators to get around the County. The purpose of the Call-N-Ride program is to provide curb-to-curb subsidized transportation for Seniors 65+ and people with disabilities ages 18-64 in Montgomery County. Similarly, the Medical Assistance Transportation Program provides transportation for residents with eligible, non-restrictive Medical Assistance (Medicaid) to medical services that are covered by Medical Assistance, and for which there is no other means of transportation¹¹. While the number and demographic characteristics of riders was not available at the time of this assessment, a

⁵ Sari Pekkala Kerr and William Kerr. Immigrant Entrepreneurship in America: Evidence from the Survey of Business Owners 2007 & 2012. Research Policy 49 (2020) 103918. Available at:

https://www.hbs.edu/ris/Publication%20Files/Kerr_Kerr-RP20-ImmEntr_0a5398db-9415-4fba-b553-6b626817ff3a.pdf

⁶ "Rate of new entrepreneurs reflects the number of new entrepreneurs in a given month," Robert Fairlie. Ewing Marion Kauffman Foundation. NATIONAL REPORT ON EARLY-STAGE ENTREPRENEURSHIP IN THE UNITED STATES: 2021. March 2022. Available at: <https://indicators.kauffman.org/wp-content/uploads/sites/2/2022/03/2021-Early-State-Entrepreneurship-National-Report.pdf>.

⁷ US Federal Reserve System. Small Business Credit Survey. 2021 Report on Firms Owned by People of Color. Available at: <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/sbcs-report-on-firms-owned-by-people-of-color>

⁸ Farrell, Diana, Chris Wheat, and Chi Mac. 2020. "Small Business Owner Race, Liquidity, and Survival." JPMorgan Chase Institute. <https://www.jporganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/institute-small-business-owner-race-report.pdf>

⁹ Farrell, Diana, Chris Wheat, and Chi Mac.

¹⁰ US Federal Reserve System, Small Business Credit Survey.

¹¹ Montgomery County Department of Transportation. Transportation Services for Older Adults & Persons with Disabilities <https://www.montgomerycountymd.gov/DOT-Transit/seniors.html>

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review of program eligibility indicates that riders are low-income seniors and adults with disabilities. Based on what is known about who is low-income in Montgomery County it is likely that a disproportionate number of riders are also people of color, who likely face higher levels of housing cost burden and lower levels of health insurance¹². The impact of race and income-based disparities is compounded for people with disabilities. The National Disability Institute's report *Financial Inequality: Disability, Race and Poverty in America* explains the complexity and depth of these disparities: "*Race and disability are not completely separate sources of disadvantage that parallel each other. Race and disability are overlapping identities that are both related to systemic inequality*"¹³. The report also highlights the cumulative impact of barriers to education and employment that people with disabilities and people of color face and the ways in which these barriers create higher levels of poverty, food insecurity, and financial insecurity¹⁴:

- The poverty rate for adults with disabilities is more than twice the rate of adults without disabilities. The gap between the poverty rates of non-disabled adults and disabled Black adults is 25 percentage points.
- Working-age adults with disabilities are four times more likely to live with significant low or very low food security than adults without disabilities.
- Barriers to financial security pile up with increased reliance on alternative financial services, growing debt and diminishing health and wellness, which further limits labor market participation.

This research makes clear that people with disabilities and people of color with disabilities are disproportionately burdened by systemic inequities that shape whether and how people access reliable, high-quality transportation. Therefore, any taxi fare increases would harm riders who are already disproportionately burdened by experiences of poverty and financial insecurity.

III. **DATA ANALYSIS:** The following charts illustrate wage, homeownership, and housing cost burden disparities between foreign-born and native-born residents, across race and ethnicity, in Montgomery County in 2019.

¹² See data analysis section.

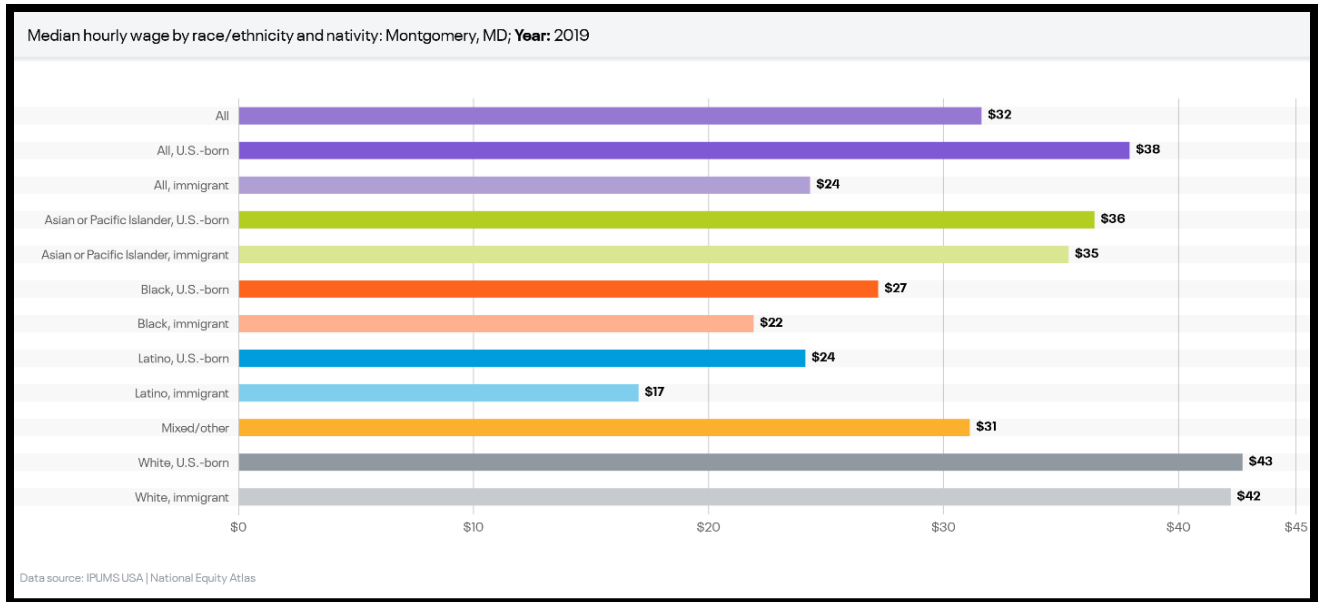
¹³ Nanette Goodman Michael Morris Kelvin Boston. The National Disability Institute. *Financial Inequality: Disability, Race and Poverty in America*. 2017. Available at <https://www.nationaldisabilityinstitute.org/wp-content/uploads/2019/02/disability-race-poverty-in-america.pdf>.

¹⁴ The following list is adapted from The National Disability Institute. *Financial Inequality: Disability, Race and Poverty in America*

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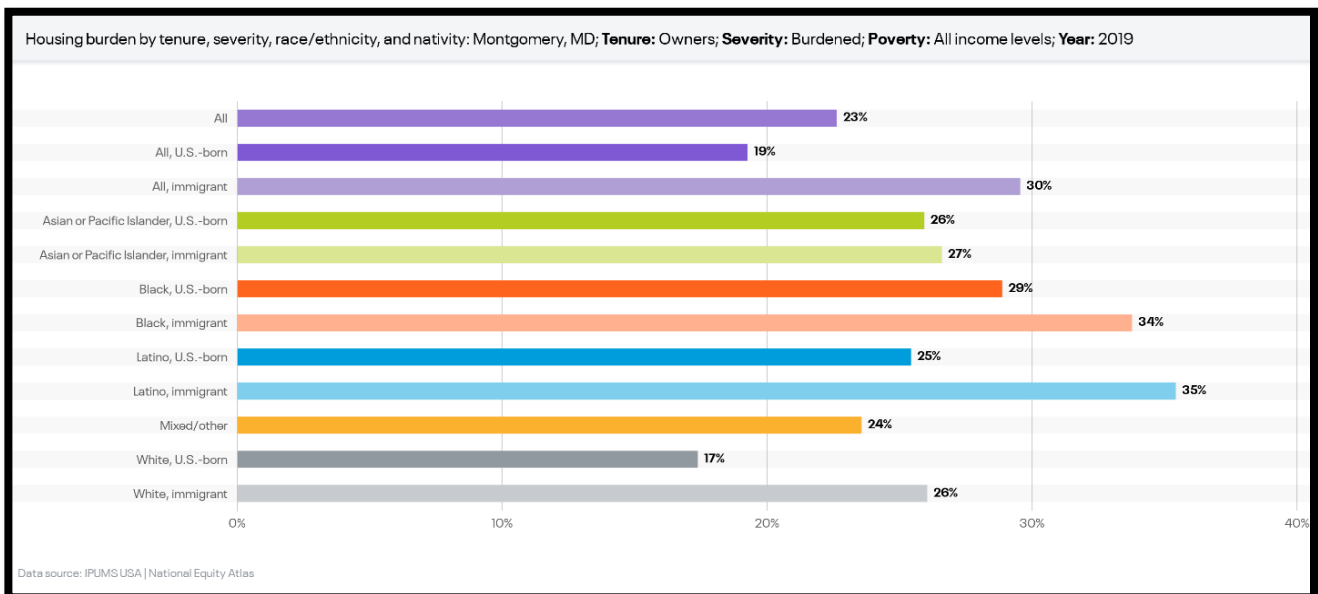
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Source: Policy Link. National Equity Atlas. Median hourly wage by race, ethnicity, and nativity: Montgomery, MD; 2019. Available at:

https://nationalequityatlas.org/indicators/Wages_Median#/?breakdown=5&geo=04000000000024031



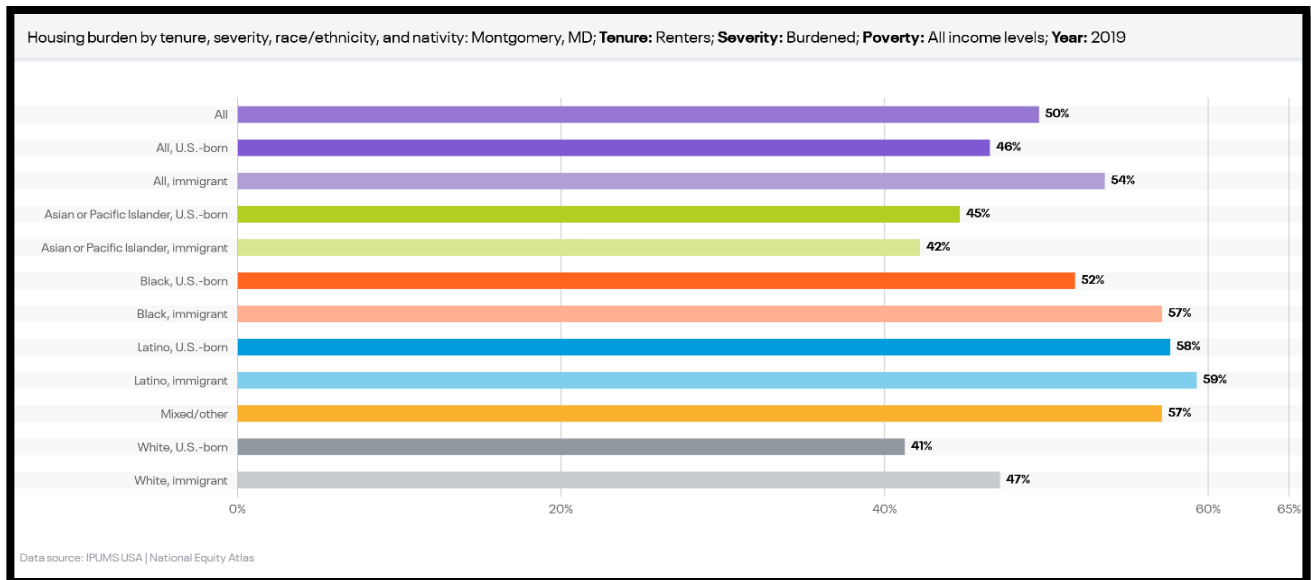
Source: Policy Link. National Equity Atlas. Housing burden (owner) by race, ethnicity, and nativity: Montgomery, MD; 2019. Available at:

https://nationalequityatlas.org/indicators/Housing_burden#/?breakdown=4&geo=04000000000024031&rentown01=2

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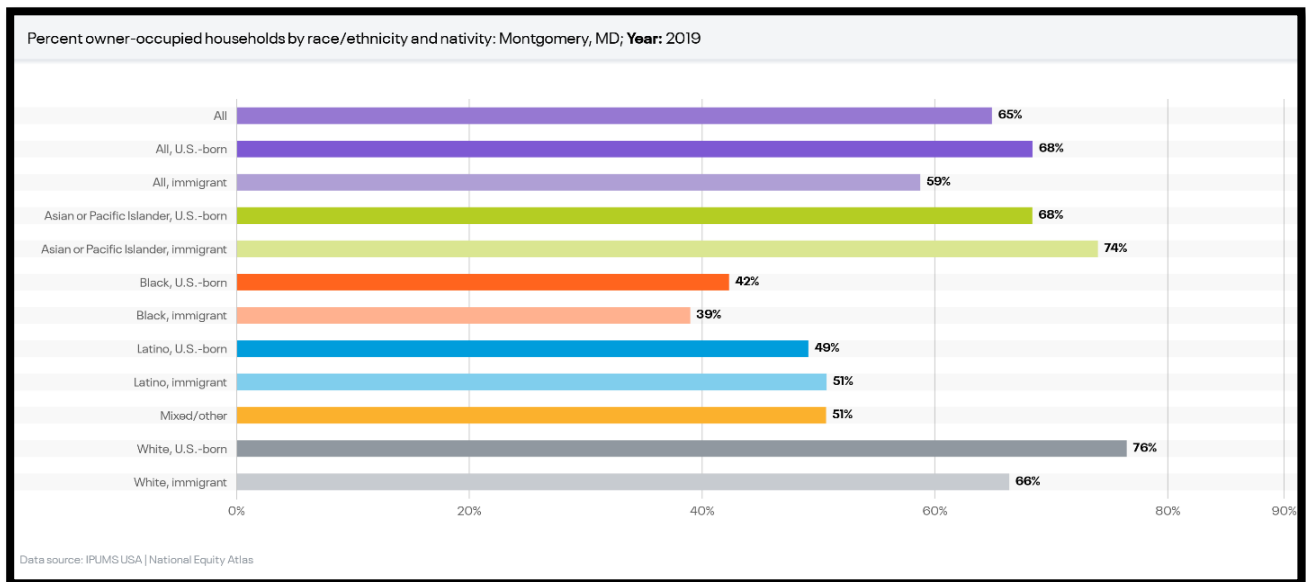
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Source: Policy Link. National Equity Atlas. Housing burden (renter) by race, ethnicity, and nativity: Montgomery, MD; 2019. Available at:

https://nationalequityatlas.org/indicators/Housing_burden#/?breakdown=4&geo=0400000000024031



Source: Policy Link. National Equity Atlas. Homeownership by race, ethnicity, and nativity: Montgomery, MD; 2019. Available at:

<https://nationalequityatlas.org/indicators/Homeownership#/?breakdown=4&geo=0400000000024031>

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This chart illustrates the percentage of residents with “no health insurance” in Montgomery County in 2019. Notably Black and Latino residents were almost two and five times as likely to not have health insurance as white residents.

Race/ethnicity	% Residents with “no health insurance”
Asian	5.8%
Black	7.3%
Latino	19.4%
Other	26.6%
White	3.8%

Source: “No Health Insurance”. Montgomery County, Maryland Office of Legislative Oversight Montgomery County Racial Equity Profile. Available here:

<https://www.montgomerycountymd.gov/OLO/Resources/Files/2019%20Reports/RevisedOLO2019-7.pdf>

cc: Ken Hartman, Director, Office of Strategic Partnerships, Office of the County Executive
Chris Conklin, Director, Department of Transportation